

April 26, 2021

VIA E-MAIL

Courtney Avery
Board Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

**Re: Quincy Medical Group Hospital, Quincy, Illinois- Project #20-044,
Response to State Board Staff Report**

Dear Ms. Avery:

We represent Blessing Hospital in its opposition to the proposed project to construct an unnecessary second hospital in the small, rural community centered around Quincy, Illinois. Please accept this letter as a response to the State Board Staff Report ("SBSR") for Quincy Medical Group Hospital ("QMGH") Project #20-044. The SBSR for the project confirms the numerous concerns raised by the community, hospitals and health systems throughout the region.

We have organized our response to the SBSR to address the **10 negative criteria** that the Applicants failed to meet in their proposal to establish a hospital to serve low acuity patients in the region. We strongly believe **the following questions should be asked by the Board** so that it can make an informed decision about the future of healthcare delivery and safety net services provided in this region of Illinois.

QMGH Does Not Serve the Planning Area's Need

1. Why are the Applicants designing QMGH to only serve low-acuity patients and thus shifting all higher acuity patients (that more often result in monetary losses) to Blessing Hospital?
2. How can a low acuity hospital truly address the complex health care needs of the lower socio-economic population in the region?
3. How could constructing a hospital only 3.5 miles away from Blessing Hospital possibly improve access to care to the region?
4. According to the state, the planning area population is predicted to decrease by 4.6% in the next year. If, as the Applicants claim, the facility is not designed to siphon patients from Blessing Hospital, then from where will the patients come?

Approval of QMGH is an Unnecessary Duplication of Service that Creates a Maldistribution of Service

5. What will happen to a QMGH patient who requires ICU care or advanced stroke/cardiac care capabilities? Since QMG refuses to partner with Blessing Hospital where will they transfer their patients who require a higher acuity level of care? Neither Memorial nor Culbertson have ICU level care, and time is crucial for these types of patients and each minute can impact the outcome of their care.
6. Why is the Quincy Medical Group (“QMG”) trying to justify the need for this facility by citing a “redeployment of beds” from a competitor health system in a completely different HSA?
7. What benefits have QMG offered two critical access hospital (Memorial and Culbertson Hospital) for them to offer beds to a competitor?
8. Why does a community with less than 40,000 residents and with a predicted 4.6% decrease in population require a second hospital?
9. Why is the referral letter provided by QMG not signed by a physician as required by Board Rules?
10. Why is there no referral letter for the projected outpatient surgical volume the applicants propose at the facility?

QMGH Will Have a Negative Impact on Other Providers

11. How does QMGH address their inflated emergency department (“ED”) projections compared to HFSRB data? In 2019, there were only 43,939 ED visits in the HSA, and QMG is “projecting” that there will be 102,896 in their application. Where are all of these patients going to come from?
12. The SBSR states that the ONLY way the second hospital meets projections for surgery, emergency department, C-Section, and diagnostic radiology is if those services are **REDIRECTED** from an underutilized facility. How can the Applicants claim that their facility will not have a negative impact on other providers?
13. Why did the Applicants fail to approach Blessing Hospital, who is at risk of losing significant resources with the revocation of the Sole Community Hospital designation, about their plans for building a second hospital?
14. The COVID-19 pandemic highlighted staff shortages state wide, and with a decreasing younger population in the region (down between 5.42%-10.27% for ages

15-64). How can the Applicant's fill their staff without siphoning away personnel from existing healthcare facilities?

15. The small Quincy community could not support two hospitals 29 years ago, and the population has only declined since then. Why does QMG continue to refuse to open a dialogue for partnership with the Blessing and instead propose to build a second unnecessary hospital?

QMGH's Project Costs Are Unreasonable and the Project is not Financially Viable

16. Why do the Applicants fail to provide any details regarding their operating revenue and expense assumptions for the Board and public to review? How can anyone rely on their projections without any information to assess their accuracy?
17. **Will** the real estate development company own the medical equipment in the proposed facility?
18. Why would QMGH agree to **finance** this project at a total interest rate of 9.596%, which is an excessively high interest rate? Typically, a hospital project can be financed at an interest rate of less than 3%.
19. How do the Applicants justify their inflated cost per GSF? The project costs are nearly 45% over the Board Standard. The cost standards are based on national benchmarks for hospitals of all types and sizes (including higher acuity facilities with ICUs), so why does this project justify such an excessive cost?
20. How could it possibly take five years to construct this facility?

We also identified several other notable issues in the SBSR that deserve additional scrutiny by the Board prior to voting on this project. They include the following:

- The Applicant's failure to meet the Board's standards for financial viability ratios. This is partially based on the unusual financing arrangement and the immense long-term debt proposed by this project.
- The SBSR unequivocally states that there is no unmet need in the Health Planning Area and this proposed hospital will result in an unnecessary duplication of services.
- The proposed project **does not meet** the performance requirement found in Criterion 11110.200(f) for establishing an obstetric unit.
- The Applicant's referral letter cited in the SBSR **does not meet** the requirements found in Criterion 1110.200(b)(3) as it is not signed by a physician.
- The Applicants have **ZERO** support from the existing seven regional healthcare systems, and were only able to obtain support from two critical access hospitals, one of which is outside of the Health Planning Area.

The SBSR points out notable issues with this proposed project. The proposed project is ill-conceived and not needed in the Planning Area. While the economic development of a defunct mall is a real community issue, this Board is not charged with increasing economic development in the state to the detriment of the healthcare delivery system. This Board is charged with approving projects that will increase healthcare access and that are necessary for that purpose. This project is not necessary and it will negatively impact other area facilities.

Approving this project would be inconsistent with the Board's mission and mandate under the law. There is no sound foundation described in either the application or in the SBSR that provides a basis by which to approve this project. Accordingly, the HFSRB should deny Project #20-044.

Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP



Juan Morado Jr.



Mark. J. Silberman

cc: Mike Constantino, Senior Project Reviewer